

## The New Development Bank

### Request for Proposal

(This is not a Purchase Order)

#### 1. Introduction

The New Development Bank (NDB) is issuing a Request for Proposal (RFP) to invite qualified suppliers to provide proposals to NDB's IFRS 9 compliant expected credit loss (ECL) calculation and credit provisioning tool project. Please refer to the following information or attached TOR (Service Scope) for detailed requirements.

Each interested party must send a brief **Notice of Intent** to respond to this RFP to the contact person listed below by September 13, 2018. NDB will choose the most suitable one(s) from the shortlisted suppliers. NDB at its sole discretion reserves the right to reject all proposals in accordance with its internal policy and guidelines.

#### 2. RFP Schedule

Please be noted the following activities could take place in the RFP process. NDB will inform the specific arrangements in advance and the suppliers are requested to respond timely.

Activity	Date
Distribution of RFP	September 10, 2018
Notice of Intent	September 13, 2018
Deadline for Questions	TBD
Proposal Response Due	September 25, 2018
Presentation and Demonstration	TBD
Negotiation on contract	TBD
Signing Contract	TBD
Project Kick Off	TBD

#### 3. Instruction to bidders

### **3.1 Contact Information**

Please use the following contact information for all correspondence with NDB concerning this RFP. **Suppliers who solicit information about this RFP either directly or indirectly from other sources will be disqualified.**

Mr. Huaxue Wang

Address: 33<sup>rd</sup> Floor, BRICS Tower, No. 333, Lujiazui Ring Road, Pudong, Shanghai

上海浦东陆家嘴环路 333 号，金砖大厦 33 层

Email: wang.huaxue@ndb.int

Tel: 86-21-80211831

### **3.2 Submission of Proposals**

Proposals shall be prepared in English or bilingual (English and Chinese). Both hard copy and electronic version is acceptable. Hard copy (6copies at least) shall be sent in sealed covers. Electronic version shall be sent with protection (at least with password).

The stated deadline, due time, closing date, etc. herein means Beijing time; and NDB's business time is from 9:00AM to 5:15PM in working days.

### **3.3 Questions**

Please submit questions in writing by e-mail. Vendors should refer to the specific RFP paragraph number and page and should quote the questioned passage. NDB will be prompt in responding to questions. All questions will be responded to as a group and sent to all vendors.

### **3.4 Ownership of Materials**

All materials submitted in response to this RFP become the property of NDB. Proposals and supporting materials will not be returned to vendors.

### **3.5 Proposal Costs**

NDB is not responsible for any costs incurred by the vendor in the preparation of the proposal or the site visit.

### **3.6 Proposal Format (if applicable)**

NDB recommends that the proposal should contain two parts as follows.

Volume 1 – Main Proposal

Section 1      Executive Summary

Section 2      Functional Section (Appendix)

Section 3	Technical Section (Appendix)
Section 4	Project Management Section
Section 5	Support Section

Volume 2 – Price Proposal – Should be separate but integral part of the proposal. The currency is USD; if quoting in other currencies, the exchange rate should be clearly defined. **The price shall be inclusive of applicable taxes;** and other charges shall also be clearly defined.

### **3.7 Validity Period**

The proposal including pricing quotation shall be valid at least for 90 days.

### **3.8 RFP Amendments**

New Development Bank reserves the right to amend this RFP any time prior to the closing date. Amendments will be issued only to vendors who are going to complete a proposal.

### **3.9 Sub-contractor**

NDB expects to negotiate and sign contract with one winning vendor. NDB will accept only complete solutions from a primary vendor, and will not accept any proposals that are on only one item or a combination of items from the RFP. The prime vendor will be responsible for the management of all subcontractors. NDB will not accept any invoices from subcontractors or become part of any negotiations between a prime vendor and a subcontractor.

### **3.10 Award Notification**

NDB could negotiate with all shortlisted suppliers before deciding the winning vendor. And NDB reserves the right to negotiate further with the winning supplier before and in the contracting process. The remaining vendors will be notified in writing of their selection status.

## **4. Evaluation Criteria**

The proposals will be reviewed and evaluated by NDB’s team in accordance with the related policy and guidelines, especially the six principles (Economy, Efficiency, Competition, Transparency, Value for Money, Fit for Purpose) contained in NDB’s corporate procurement policy. NDB is interested in obtaining a complete solution to the requirements contained in this RFP. Proposals that meet the proposal instructions and requirements will be given a thorough and objective review. Proposals that are late, or do not comply with proposal instructions, or take exceptions to mandatory requirements will be eliminated without further consideration. The following are the key factors that would be taken into consideration for evaluating the proposals.

### **i. Software Solution (if applicable)**

Primary consideration will be given to meet the mandatory requirements as listed in this RFP.

The following are factors in the evaluation.

1. Meeting the requirements as stated in this RFP;
2. Understanding of the work to be performed;
3. Technical approach and methodology to accomplish the work;
4. Completeness and competence in addressing the scope of work.

### **ii. Project Management**

NDB also believes that effective project management is essential for a successful implementation. Vendors will be evaluated on the completeness and responsiveness of their project management plans and the project team assigned.

As part of the project management plan, vendors must demonstrate adequate experience in developing and implementing the requested project. NDB's confidence in the vendors' ability to meet deadlines and successfully manage similar projects will be a primary consideration.

Special consideration is given to vendors who propose a detailed project plan with sufficient breakdown of tasks and steps to demonstrate a complete understanding of the project.

### **iii. Pricing**

NDB will consider pricing as part of the evaluation criteria. **Lowest price is not essential to win;** however, large pricing differentials between vendors will be carefully examined. Price will be used as a final indicator for determining the vendor finalists when all other criteria have been normalized.

### **iv. Presentation and Demonstration**

The results of Presentation and Demo will be evaluation factors.

### **v. Support and Maintenance**

NDB believes the ability to perform timely support is also an important factor for the success of this project. Therefore, vendors should provide adequate information to demonstrate their capabilities to fulfill this task.

**Attachment:**

Terms of Reference: IFRS 9 compliant expected credit loss (ECL) calculation and credit provisioning tool

The New Development Bank ('NDB' or 'Bank') was established by an Agreement of the New Development Bank signed by five countries (Brazil, Russia, India, China and South Africa) to mobilize resources for infrastructure and sustainable development in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development. NDB started operations in 2015 with its Headquarters at Shanghai. The first Regional office of the NDB will be in Johannesburg, South Africa. The New Development Bank complies with International Financial Reporting Standards ("IFRS") for financial reporting purposes.

The Bank is committed to establish and foster a diverse work environment built on the pillars of meritocracy, collaboration, result-driven orientation and organizational efficiency. The Bank is building a team of young high-achieving individuals who like to challenge the status quo and bring in new ideas, innovation and approaches. The Bank aims to fulfill the development agenda of its member countries through efficient project financing and result orientated investment decision making built on the strong foundation of ethics, compliance and governance with a highly productive workforce that represents the most meritorious and competitive talent pool. The Bank will create a corporate culture based on mutual respect, diversity and shared values.

With a focus on building a Multilateral Development Bank which can redefine and establish the next "new practice" in the field of development finance, the terms of reference calls for a comprehensive and innovative design of the IFRS 9 compliant expected credit loss (ECL) calculation and credit provisioning tool for the New Development Bank ("Bank") taking into account the requirements imposed by International Financial Reporting Standards (IFRS), global best practices in context of the Multilateral Development Banks (MDBs) and leading global commercial and investment banks.

IFRS 9 compliant expected credit loss (ECL) calculation and credit provisioning tool (ECL tool)

Based on the above and in discussions with the relevant internal stakeholder, the deliverables for ECL tool design includes, but is not limited to, the following areas:

1. Designing and advising on the guiding principles of the ECL tool to be used internally by the NDB based on the pillars of objectivity and measurability. The tool must be fully compliant with IFRS 9 Accounting Standards, the requirements imposed on international MDBs as well as commercial banking practice including:

- A new forward-looking expected credit loss model (ECL) that will require more timely and appropriate recognition of expected credit losses.
- Assisting NDB in determining criteria for significant increase in credit risk and definition of defaults in accordance with the three-stage model, as well as accounting for expected credit losses from the point where a significant deterioration of the credit quality occurs and for the entire remaining time to maturity
- This single expected credit loss model (ECL) must be applicable to all financial instruments within NDB that is subject to expected credit loss accounting

2. It should be designed for the ECL provisioning calculation for the loan portfolio consisting of the sovereign loans (primarily in five member countries but possibly in other jurisdictions) corporate, project finance, financial institutions as well as for the Treasury investment portfolio (i.e. money market, bonds and derivative products).

3. Based on the probability of default (PD and TTC PD) and loss given default (LGD) already existing, the tool must include the different macroeconomic scenarios to define the conversion from the TTC PD to the PIT PD and it shall include the cash flow simulations (EAD calculation) to calculate the actual amount of the credit provisions needed (ECL calculation and calibration). It should facilitate the internal management reporting of IFRS 9 provisioning and the IFRS 9 disclosure for the Financial Statements.

4. The tool must enable NDB to define and adopt a three-stage model for impairment, which encompasses the 12 month ECL computation and a life stage ECL computation. The model must provide for simulation of different stress testing scenarios and sensitivity analysis for the credit portfolio.

5. Run, test and calibrate the ECL tool to achieve the result, which is clearly measurable and adheres with IFRS. The interaction with NDB's existing internal tools for credit portfolio statistics, credit rating definition and for the financial reporting shall be secured. Create the methodology, user manual and the guideline explaining the ECL tool, the definition of each factor and scenario individually and in their combination, as well as calculation methodology for each factor.

6. Provide the full and extensive in house training for the NDB staff including the explanation of the IFRS 9 requirements, technical application and measurement as well as its reporting techniques.
7. Where relevant and applicable, provide appropriate insight on model adopted by other financial institutions to enable NDB to conduct adequate benchmarking.
8. Provide the post implementation support. Facilitate the tool structure change to make it increasingly customized in line with NDBs requirements. Provide tool updates and maintenance regularly.
9. Provide the appropriate and internationally accepted official certification for the ECL tool, it's compliance with the audit requirements and supporting documents.
10. Ensure, facilitate and help implement any other facilities, tools and documents as would be necessary to build up, implement and maintain the ECL tool.

#### Qualifying criteria for vendor

Experience: the provider must a be well know financial analytics service company with established reputation and long term proven experience, it shall be able to provide the licensing, certification and validation of the financial tools, especially IFRS 9 compliance.

Expected timelines for implementation: aim for completion to support NDB's 2018 full year reporting requirements